

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT
OPPOSING FISCALLY IRRESPONSIBLE STATE BUDGET DECISIONS THAT WOULD
“BORROW” LOCAL GOVERNMENT, REDEVELOPMENT
AND TRANSPORTATION FUNDS**

WHEREAS, on July 1, 2008 the State Legislature missed its Constitutional budget deadline; and

WHEREAS, both the Governor and the Legislative Budget Conference Committee have recommended balanced budgets without resorting to “loans” or seizures of local government property tax, redevelopment tax increment and transportation sales tax funds; and

WHEREAS, in 1952 the voters of California approved in 1952 the voters approved Article XVI, Section 16 of the California Constitution, providing for tax increment financing for community revitalization—not balancing the state budget, and the voters never authorized the legislature to take or “borrow” community redevelopment funds for state programs; and

WHEREAS, in 2004 by an 84% margin of approval the voters of California approved Proposition 1A and sent a loud and unambiguous message to state leaders that they should stop the destructive and irresponsible practice of taking local government funds to finance the state budget and paper over the state deficit; and

WHEREAS, in 2006 by a 77% margin of approval the voters of California also approved Proposition 1A, providing similar protections to transportation funding for state and local transportation projects, including important street maintenance and public transit programs; and

WHEREAS, both ballot measures allow the Governor to declare a “severe state of fiscal hardship” and “borrow” these funds if they are repaid in three years with interest, but the Governor believes it would be irresponsible to “borrow” such funds because it would deepen the state’s structural deficit and cripple local government and transportation services; and

WHEREAS, refusal by the Legislature to carry out its constitutional obligation to compromise on a balanced budget is not a “severe state of fiscal hardship” and would not justify reductions in critical local services, community revitalization programs and infrastructure maintenance at a time when cities are struggling to balance their own budgets during this economic down turn; and

WHEREAS, city investments in infrastructure, affordable housing and basic public safety and other community services will create needed jobs and speed our economic recovery; and

WHEREAS, the Legislature should balance the state budget with state revenues and respect the overwhelming support of voters for not using local property taxes, redevelopment tax increment and transportation sales tax funds to fund the day-to-day operating cost of state programs; and

WHEREAS, it would be the height of fiscal irresponsibility to paper over the state structural deficit with more borrowing, and Californians deserve state leaders who will tell them honestly what needs to be done to produce a balanced budget; and

WHEREAS, it is time for the state of California to cut up its local government credit cards and deal with the budget deficit in a straightforward way. Balance the state budget with state funds.

NOW, THEREFORE, BE IT RESOLVED, that the City of Belmont hereby opposes any and all efforts by state government to “borrow” or seize local tax funds, redevelopment tax increment and transportation sales tax funds by the state government to finance state operations. Such a move would be fiscally irresponsible for the state and hamper effective local services and infrastructure investments.

RESOLVED FURTHER, that the Mayor is hereby directed to send this resolution and communicate this Council’s strong and unswerving opposition on this matter to our Legislators and the Governor along with an expression of our continued appreciation for the Governor’s and any supportive legislators’ steadfast opposition to further borrowing or seizure of these funds.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a special meeting thereof held on July 29, 2008 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont

DRAFT LETTER

July 30, 2008

State Capitol
Sacramento, CA 95814

SUBJECT: Adopting a Balanced State Budget without Local Revenues

Dear Governor Schwarzenegger, Senate and Assembly Leaders, Senators and Assembly Members:

On behalf of the City of Belmont, I want to convey to you our opposition in the strongest possible terms to the state taking local government, redevelopment or vital transportation revenues to fund the state budget. Such a move would not only have negative consequences for our cities and their residents, but it is a disastrous fiscal policy for the state.

The voters resoundingly agreed that local government should not continue to serve as the source of funding to meet the state's financial obligations when they passed Proposition 1A in 2004 with 84% of the vote. They also voted by a 77% margin in 2006 to protect Prop. 42 revenues for the intended purpose — critical transportation infrastructure improvements California has ignored for years. In 1954 the voters also authorized tax increment financing for community revitalization, including infrastructure and affordable housing — not to balance the state budget.

Like you, we face difficult choices at the local level during these trying times. Many cities have declining sales tax and property tax revenues. Moreover, cities are on the front lines of the housing foreclosure and gang violence crises. Despite these pressures, we have made tough decisions to reduce programs and services. When necessary, some cities have raised fees or asked the voters to support tax increases. We have found that when we are straightforward with the public about our cities' financial needs, taxpayers are supportive.

The state must find a way to resolve its budget problems without "borrowing" or seizing funds meant for voter-approved local government, infrastructure and community revitalization purposes. We understand your options in doing this are limited, and we will support a budget compromise that is balanced and makes progress toward long-term budget reform. These steps are vital if you are going to restore the stability in the state budget and the confidence of our voters and the business community.

Borrowing or taking these funds to pay state operating costs is simply bad fiscal policy. It compounds the state's structural budget deficit and undercuts both voter and investor confidence in our economy.

California city residents are still paying for the years that the state regularly seized city and redevelopment funds when state leaders refused to use only state revenues to balance the budget. The state then started taking Prop. 42 funding for street repairs and transit. Every time the state took funds, cities were forced to defer maintenance and cut important services, lowering the quality of life in our communities in the process.

Borrowing or taking money from local communities will not solve the state's problems; it will only prolong the state's ongoing structural deficit and further jeopardize our economic recovery and public confidence in state government.

As fellow elected officials, we will support your efforts to enact a balanced budget. We urge you to make the compromises necessary to balance the state budget with only state revenues and respect the will of the voters who said to keep local funds local commit transportation funds to transportation, and invest redevelopment tax increment for the important purpose of community revitalization.

Respectfully,

Warren Lieberman
Mayor